



House of Representatives

General Assembly

File No. 397

January Session, 2005

Substitute House Bill No. 6501

House of Representatives, April 18, 2005

The Committee on Planning and Development reported through REP. WALLACE of the 109th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT AUTHORIZING THE CREATION OF NUTMEG ZONES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2005*) (a) A municipality that
2 has (1) a population of more than twenty-five thousand but less than
3 fifty thousand, (2) correctional facilities, and (3) at least one million
4 square feet used for growing bedding plants, bounded by a portion of
5 railroad tracks and a river, may, with the approval of the
6 Commissioner of Economic and Community Development, designate
7 an area of such municipality as a Nutmeg Zone.

8 (b) A facility that is acquired, constructed, substantially renovated
9 or expanded in a Nutmeg Zone, on or after the effective date of this
10 section, shall be exempt from the property tax under chapter 203 of the
11 general statutes, to the extent of eighty per cent of its valuation for
12 purposes of assessment in each of the five full assessment years
13 following the assessment year in which the acquisition, construction,

14 renovation or expansion of the facility is completed. The state, acting
15 by and in the discretion of the Commissioner of Economic and
16 Community Development, may enter into a contract with the
17 municipality that designated said Nutmeg Zone to make payments in
18 lieu of taxes to the municipality. Such payments shall be made
19 annually for the five assessment years in which the facility is exempt
20 from taxation under this subsection, in an amount equal to the taxes
21 that would have been paid on said facility if the facility were not
22 exempt from such taxation.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2005	New section
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Statement of Legislative Commissioners:

The section was divided into subsections and the tax abatement provision was redrafted for statutory consistency.

CE *Joint Favorable C/R* PD

PD *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Department of Economic & Community Development	GF - Cost	None	None
Policy & Mgmt., Off.	See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Nutmeg Zone Towns	Revenue Gain	Potential Significant	Potential Significant
Non-Nutmeg Zone Towns	Revenue Loss	Potential Significant	Potential Significant

Explanation

The bill would allow a municipality, with the approval of the Commissioner of the Department of Economic and Community Development (DECD) to designate an area of the town a Nutmeg Zone, making it eligible to receive an 80% property tax exemption and 100% PILOT payments. Currently one municipality, Cheshire, would qualify. To the extent that the Commissioner of DECD approves the designation and PILOT payments are provided, there would be a revenue increase to PILOT payment to Nutmeg Zones. Under current law, if appropriations are insufficient to fully fund these PILOT reimbursements, all other reimbursements are reduced proportionately. Therefore, all non-Nutmeg Zone towns would experience a revenue loss.

OLR Bill Analysis

sHB 6501

AN ACT AUTHORIZING THE CREATION OF NUTMEG ZONES**SUMMARY:**

This bill sets specific conditions for designating and approving “nutmeg zones” and authorizes property tax exemptions for businesses that acquire or improve facilities there. A town can designate a zone, with the economic and community development commissioner’s approval, if it has:

1. a population of between 25,000 and 50,000,
2. correctional facilities, and
3. at least one million square feet used for growing bedding plants bounded by a portion of railroad tracks and a river.

The designation qualifies a business for a property tax exemption for any facility it acquires, constructs, substantially renovates, or expands in the zone. The exemption is for five years and equals 80% of the facility’s assessed value. The commissioner may annually reimburse the town for all of the tax revenue it forgoes because of the exemption.

EFFECTIVE DATE: October 1, 2005

COMMITTEE ACTION

Commerce Committee

Joint Favorable Change of Reference

Yea 13 Nay 8

Planning and Development Committee

Joint Favorable Report

Yea 15 Nay 3

